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AUG 27 1992

BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of  
Billed Party Preference  
for 0+ InterLATA Calls

)  
) CC Docket No. 92-77  
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FILE

REPLY COMMENTS OF THE CENTRAL ATLANTIC PAYPHONE ASSOCIATION

The Central Atlantic Payphone Association ("CAPA"), by its attorney, hereby submits its reply comments in response to the Commission's request for information concerning a proposal to implement "billed party preference" for interstate calls dialed on a "0+" basis. CAPA is a regional trade association which represents approximately 50 competitive payphone providers who transact business in Pennsylvania, New Jersey and Delaware. CAPA's membership has a direct and substantial interest in the outcome of this proceeding. CAPA opposes the adoption of a billed party preference ("BPP") routing system for 0+ InterLATA calls as being neither necessary nor appropriate for the public interest.

I. INTRODUCTION

In the intervening five years since BPP was first proposed by Ameritech, only one thing has become clear. BPP is a solution in search of a problem.

In 1987, Ameritech first proposed the system of BPP. In 1989, Bell Atlantic filed its petition proposing that all 0+ calls be routed through the local exchange carrier ("LEC") in order to avoid the presubscribed carrier chosen by the payphone owner.

million;<sup>5</sup> NYNEX at \$96 million;<sup>6</sup> Ameritech at \$81 million;<sup>7</sup> and GTE at \$107 million.<sup>8</sup> AT&T estimates that BPP applied to AT&T's 0+ calls will cost over \$560 million.<sup>9</sup>

Pennsylvania has 40 independent LECs, in addition to Bell Atlantic and GTE. Costs to these LECs could be extremely prohibitive. To implement BPP could require these LECs to deploy Signaling System #7 and Automated Alternated Billing Service throughout their networks, and to either establish or make a sharing arrangement for a LIDB. According to comments filed by OPASTCO, BPP could cost as much as \$600,000 per end office.<sup>10</sup>

These are all costs which will needlessly be passed on to the consumer in the form of higher rates. Maintaining the current dialed party preference system creates none of these costs. No perceived benefit of BPP can justify these extreme costs.

### III. TECHNOLOGICAL ADVANCES WOULD BE LOST IN THE PAYPHONE INDUSTRY

Many in the competitive payphone industry have invested in what are referred to as smart phones. These phones, through the use of store and forward technology, essentially perform the functions of the central office. These phones would be incapable

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<sup>5</sup> Southwestern Bell Comments at 10.

<sup>6</sup> NYNEX Comments at 4-5.

<sup>7</sup> Ameritech Comments at 16.

<sup>8</sup> GTE Comments at 11.

<sup>9</sup> AT&T Supp. Comments at 3.

<sup>10</sup> OPASTCO Commentts at 4 n.2.

A number of changes have occurred since 1987 which render the BPP proposal contrary to current technological, regulatory and statutory requirements. In particular, the Telephone Operator Consumer Services Act of 1990 was enacted, the Commission ordered unblocking of 10xxx and required the establishment of 800 or 950 alternative access, the Commission's decision that compensation should be prescribed for owners of payphones, the adoption of the 800 Database order, and the request for Part 69 waivers by a number of LECs in order to implement various billing validation services through LIDB. These changes mean that a consumer may access an IXC of their choice without any additional action by the Commission.

## II. THE COSTS OF IMPLEMENTING BPP ARE PROHIBITIVE

Initial comments filed in this proceeding by the Regional Bell Holding Companies ("RBOCs"), IXCs and independent LECs speculate that the start up cost of BPP is likely to exceed \$2 billion, and operational costs exceeding \$150 million will be incurred annually thereafter. RBOC and GTE estimates on first year implementation costs are: Bell Atlantic estimates its costs at \$134 million;<sup>1</sup> BellSouth placed its costs at \$153 million;<sup>2</sup> US West at \$149 million;<sup>3</sup> Pacific Bell at \$142 million;<sup>4</sup> Southwestern Bell at \$127

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<sup>1</sup> Bell Atlantic Comments at 3.

<sup>2</sup> BellSouth Comments

<sup>3</sup>US West Comments at 6.

<sup>4</sup> Pacific Bell Comments at 22.

of utilization if the Commission were to require BPP. Thus, not only would their investment be rendered prematurely obsolete, but the many advances, such as voice mail and fax, would be lost to consumers.

#### IV. BPP WOULD CREATE CONSUMER CONFUSION

Creating BPP on an 0+ interLATA basis will provide the consumer with the added confusion of designating a preferred carrier for 0+ interLata calls, for 1+ calls and for international calls among potentially hundreds of IXCs. BPP would also permit a consumer to have a primary and a secondary IXC. The end result of this confusion is likely to spell the death knell of smaller regional IXCs, along with the death knell of the competitive payphone industry.

#### V. BPP WOULD MOST LIKELY ALLOW THE RBOCS AND THE LARGEST IXCS TO REGAIN MONOPOLY CONTROL

The independent payphone market, which began with the desire of the Commission to increase competition and options for consumers, is beginning to see fruition. But to continue, it must retain the benefits of commissions from the IXC industry. These commissions, and, in fact, the entire regional IXC industry may be lost with the adoption of BPP.

CAPA respectfully urges the Commission to carefully consider these and other comments such as those filed by Comptel and One Call Communications Inc. and to reject implementation of BPP, while placing its focus on the creation of a truly fair and effective competitive system of premises owner presubscription and dialing party preference.

Respectfully submitted,  
The Central Atlantic Payphone  
Association

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August 27, 1992